

Workforce News



A quarterly publication of the Department of Workforce Services: issued March 2010

Wasatch Front South: Salt Lake, Tooele

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Recessionary Impact in 2009



Inside:

- › **Salt Lake:** New claims for unemployment insurance benefits ended the year at relatively high levels.
- › **Tooele:** The County had roughly the same number of jobs in 2009 as 2008, with a balance between industries gaining jobs and those that are losing jobs.



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Contact the author, your regional economist, with any questions on content:

In this “great recession,” the United States and Utah have suffered the most severe job losses since the end of WWII. The affects of these difficult economic conditions have been felt across most industries in Utah with significant employment declines, reduced work hours, and lower household incomes.

The 2008/2009 economic contraction has been acutely felt in Salt Lake and Tooele counties. The labor market has been characterized by increasing unemployment and year-over nonfarm job losses, as the economy has contracted across the majority of major industrial sectors.

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Recessionary Impact (continued)

Salt Lake County

Overall in 2009, the average annual number of payroll jobs decreased by 27,878 to 575,046, declining by 4.5 percent. In 2008 the average number of jobs was 602,924 or just 1,700 higher than in the previous year.

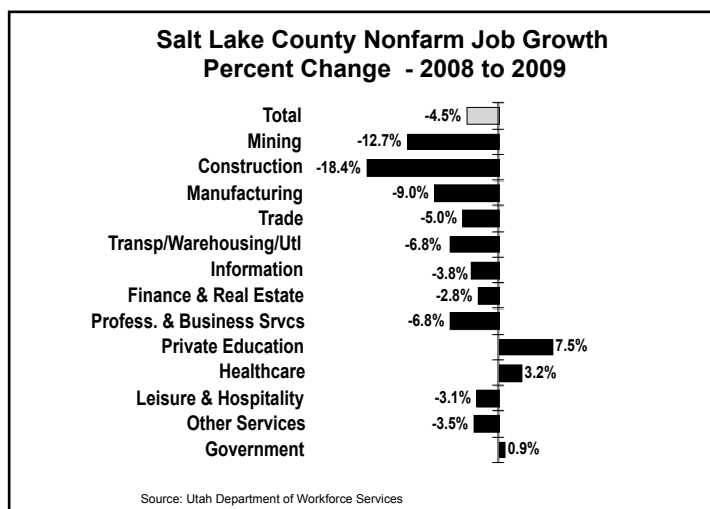
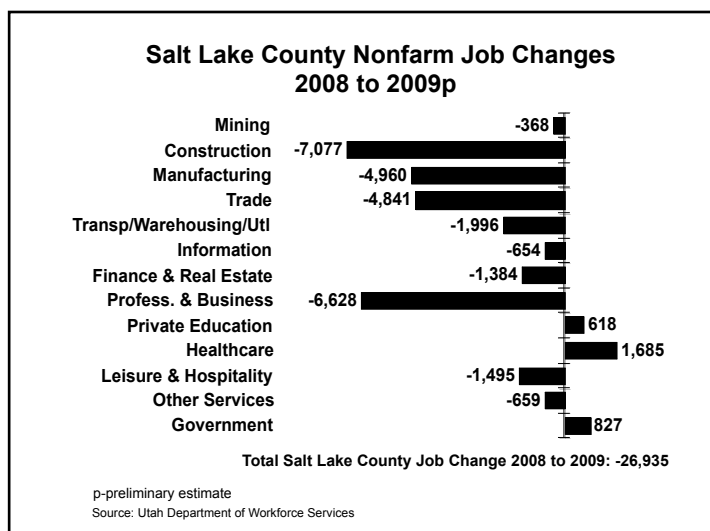
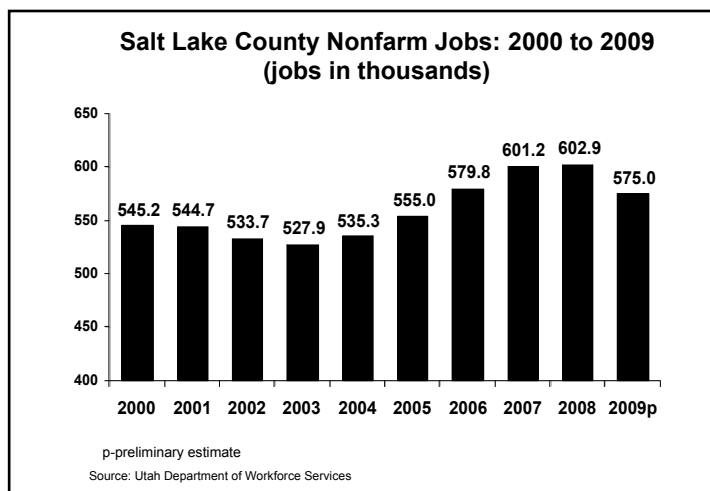
The robust economic expansion of 2005 and 2006 gradually slowed during 2007 and through the first half of 2008 in Salt Lake County. Year-over job losses began in October 2008, peaking in August 2009 at an unprecedented rate of -5.9 percent. There were about 33,700 fewer jobs in August 2009 than recorded the previous year.

The level of unemployment has increased from a very low annual average rate of 2.6 percent in 2007 to average 5.6 percent in 2009. By October of 2009, the seasonally adjusted unemployment rate had increased to 6.5 percent in Salt Lake County. There were an estimated 35,720 residents unemployed in October 2009 compared to 16,526 in December 2007 when the national recession started.

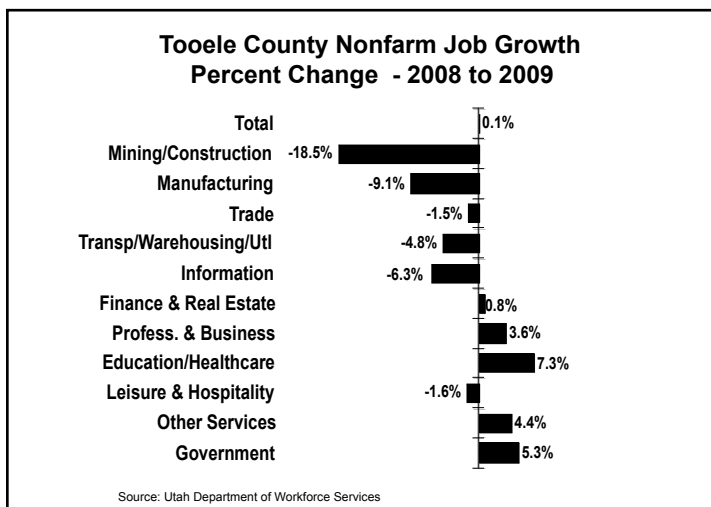
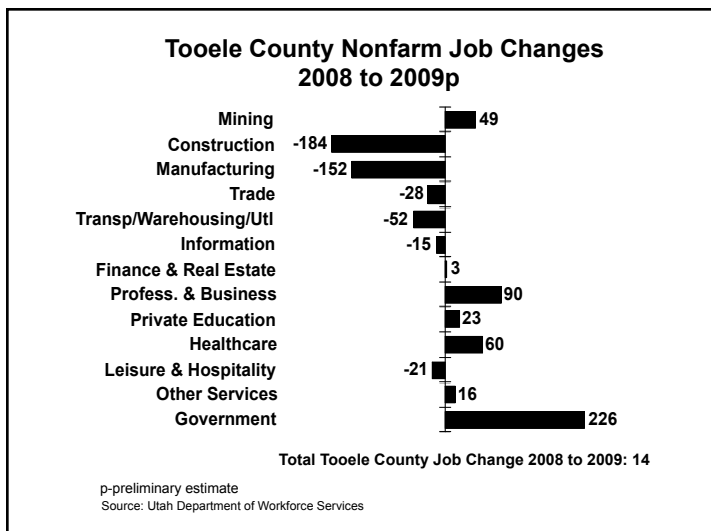
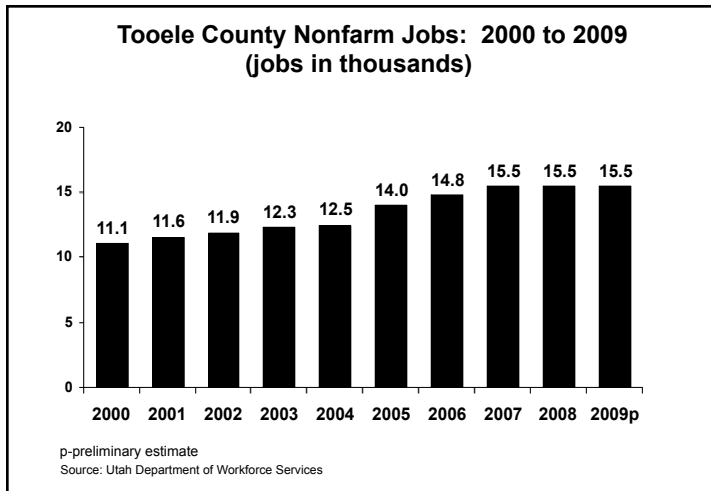
Tooele County

Tooele County has fared better than most counties in Utah in terms of the overall number of jobs within the county. In 2009, the average annual number of payroll jobs held steady for the third consecutive year at around 15,500 jobs. Tooele County suffered significant job losses in construction, manufacturing, transportation, and warehousing but had some offsetting gains in government, professional and business services, and healthcare. Of an estimated increase of 226 new government jobs—148 were in federal government and 62 were in local education.

While total job levels have not declined within Tooele County during the recession, unemployment has in-



Recessionary Impact (continued)



creased substantially, not only because of the hard hit industries of construction and manufacturing, but also because so many residents of the county commute to Salt Lake County to work. The level of unemployment has increased from a low annual average rate of 3.0 percent in 2007 to average 6.5 percent in 2009. By December of 2009, the seasonally adjusted unemployment rate had increased to 7.8 percent in Tooele County. There were an estimated 2,117 residents unemployed in December 2009 compared to 885 in December 2007.

The bursting of the national and local housing bubbles, and a resulting financial collapse in the fall of 2008, have driven the current recession. The construction industry in Salt Lake and Tooele Counties has lost one-third of its jobs since peak employment in late summer of 2007. Industries related to home construction—real estate, finance, manufacturing of construction materials, sales of building materials and furnishings—all saw their business deteriorate along with the home construction collapse. With the national financial meltdown, most industries reduced jobs from the fourth quarter of 2008 through the summer of 2009. The industrial sectors managing to show some job growth are healthcare, education, and government.

There is a great deal of slack in the labor market. There are many qualified applicants for almost any job opening. Hopefully, the economy is moving now to a new period of growth. The affects of this recession on wages, employment, and household incomes will be felt over an extended period of time. The worry now for 2010 is that any economic expansion will be anemic; leaving the labor market stressed with relatively small job increases. **WFN**

County News

County level economic indicators, from third quarter 2009, are now providing a clearer picture of the depths of the current recession. The economy seems to have bottomed out in the second half of 2009. Yet there are some signs that economic difficulties are continuing into 2010.

Salt Lake County

By September 2009, there were 31,261 fewer jobs in the county than recorded twelve months earlier, a year-over decline of 5.2 percent. The hardest hit industries, as measured by job losses in the twelve months ending in September, continue to be construction, trade, manufacturing, and administrative support. Most other industries suffered significant year-over declines in employment as well. The industry sectors that had job gains were healthcare, private education, local government, and federal government.

The estimated number of unemployed in Salt Lake County, increased almost every month in 2009 through October. The seasonally adjusted unemployment rate hit a high of 6.5 percent, ending the year at 6.4 in December 2009. Unfortunately, new claims for unemployment insurance benefits ended the year at elevated levels signal job losses will likely propel the unemployment rate higher in 2010.

Taxable sales data for the third quarter of 2009 declined by 10 percent compared to the same quarter in 2008. This is better than the year-over reduction of 13 percent which occurred in second quarter 2009.

Tooele County

In September 2009, there was a net increase of 28 jobs over the previous year, bringing total employment to 15,644. Tooele County has been fortunate to have a balance between industries gaining employment and those that are losing employment. Industries that lost a significant number jobs in the twelve months ending in September were construction, manufacturing, and leisure and hospitality. The industry sectors that added many jobs were federal government, administrative services, and waste management.

The seasonally adjusted unemployment rate started 2009 at 5.3 percent in January and increased quite steadily, reaching 7.8 percent in December. Again new claims for unemployment insurance benefits ended the year at high levels, indicating that the unemployment rate will likely rise in 2010. **WEN**

For more info:

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When there, select which county you want to view, then find the *Demographic and Economic Profile* under Publications in the right-hand column.

What's Up?

"Nelson Laboratories has expanded its facilities in Taylorsville. The company, which tests medical products to ensure they are safe, sterile, and functional, has added a three-story building to supplement its existing two-story structure at 6280 S. Redwood Road. Company President Jeffery Nelson expects to double his work force, which numbers about 320, during the next 10 years—perhaps adding 75 to 100 of those in 2010. Positions would range from technicians and client-services managers to microbiologists."

—*The Salt Lake Tribune*

"According to Commerce Real Estate Solutions' year-end report, the **Salt Lake office market** saw direct vacancy rates climb to 15.72 percent in 2009, up from 12.95 percent at the end of 2008. The rise in vacancy was largely attributed to the December completion of the 222 Main Street downtown office tower, which is 20 percent leased but mostly unoccupied, adding 420,000 square feet to the central business district vacancy rate. Meanwhile, CB Richard Ellis reported that retail vacancy rates in the Salt Lake market rose from 7.4 percent in 2008 to 9.1 percent in 2009. The industrial market experienced a significant 25-percent decline in lease activity over the past 12 months."

—*Deseret News*

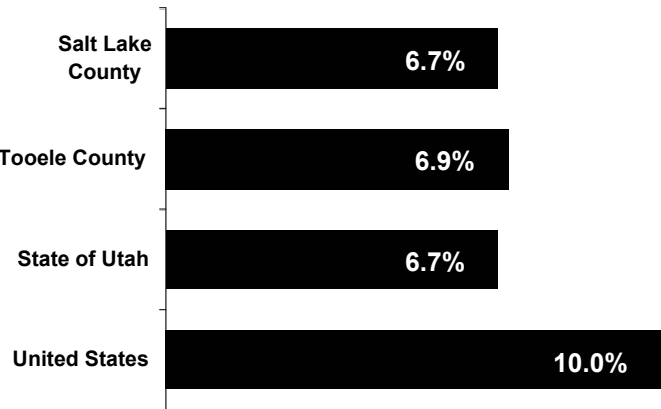
"Two and a half years after it was announced and 19 months after it broke ground, **Allegheny Technologies'** \$460-million facility in Rowley has begun producing titanium sponge. The company hired the majority of its 100 employees in the third quarter of 2009 and has spent the past three months training them for specific technical assignments. The average annual salary of the current 100 employees is around \$45,000—a promise the company made to county officials. The aerospace and defense industries are the biggest drivers of the demand for titanium. The plant will use magnesium from nearby US Magnesium and combine it with titanium tetrachloride, brought in by rail, to produce top-grade titanium sponge."

—*Tooele Transcript Bulletin*

"Komatsu Equipment broke ground on a 100,000 square-foot facility that will be both the corporate offices and Salt Lake headquarters of a business that services and sells massive equipment used primarily in mining operations. Komatsu Ltd., based in Tokyo, is the second-largest equipment manufacturing company in the world, behind Caterpillar. The new facility sits on 11.5 acres on the southeast corner of California Avenue and Bangerter Highway. Construction will begin immediately, and the project should be completed by late July 2010."

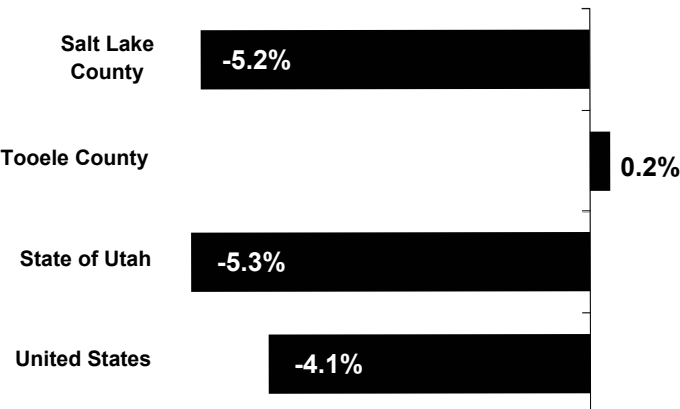
—*Deseret News*

**Seasonally Adjusted Unemployment Rates
December 2009**



Source: Utah Dept. of Workforce Services; U.S. Bureau of Labor Statistics.

**Percent Change in Nonfarm Jobs
September 2008 to September 2009**



Source: Utah Dept. of Workforce Services; U.S. Bureau of Labor Statistics.

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